

EXHIBIT 2

EX-99.1 2 exhibit991-pressreleaseq42.htm EX-99.1

Exhibit 99.1



**BED BATH & BEYOND INC. REPORTS FISCAL 2021 FOURTH QUARTER RESULTS
(ENDING FEBRUARY 26th, 2022)**

Q4 Net Sales of \$2,051M; Comparable Sales of (12)% Impacted by Ongoing Supply Chain and Inventory Availability Challenges

Q4 GAAP Gross Margin of 28.3%; Adjusted Gross Margin of 28.8% including 360bps of Higher than Expected, Escalating Supply Chain Costs

***Excluding Supply Chain Cost Increases, Q4 Adjusted Gross Margin of 32.4%
Second Year of Transformation to Continue in Fiscal 2022***

UNION, New Jersey, April 13, 2022 --- Bed Bath & Beyond Inc. (Nasdaq: BBBY) today reported financial results for the fourth quarter of Fiscal 2021 ended February 26, 2022.

(\$ in millions, except per share data)	Reported (GAAP)			Adjusted ²		
	Three months ended			Three months ended		
	February 26, 2022	February 27, 2021	Diff	February 26, 2022	February 27, 2021	Diff
Net Sales	\$2,051	\$2,619	(22)%	\$2,051	\$2,619	(22)%
Core ¹ Sales				\$2,051	\$2,390	(14)%
Comparable ³ Sales						(12)%
Gross Margin	28.3%	31.5%	-320bps	28.8%	32.8%	-400bps
SG&A Margin	33.3%	29.1%	420bps	33.3%	29.1%	420bps
Net (Loss) Income	(\$159)	\$9	(\$168)	(\$82)	\$47	(\$129)
Adjusted ² EBITDA				(\$30)	\$168	(\$198)
Adjusted ² EBITDA Margin				(1.4)%	6.4%	-780bps
EPS - Diluted	(\$1.79)	\$0.08	(\$1.87)	(\$0.92)	\$0.40	(\$1.32)

Mark Tritton, Bed Bath & Beyond's President and CEO said, "We are disappointed that our sales and gross margin performance does not reflect our team's hard work and execution against both strategic and transformation efforts in 2021. Macroeconomic factors, such as the disruption of the global supply chain, the Omicron variant, as well as the geopolitical turbulence weighing on consumer confidence, have uncovered more vulnerabilities than we could have foreseen at this stage of our transformation, as we completely rebuild the foundation of our business."

"The lack of available inventory to sell proved to be a continuing impediment to sales through the remainder of the fourth quarter and into the early part of fiscal 2022. Specifically, despite our overall inventory levels, product in transit, not available for sale or held at port remained abnormally high, particularly in key items. We estimate an impact of approximately \$175 million to our fourth quarter sales, or a high-single digit deficit, as a result of a lack of in-stock availability in our Bed Bath banner. Positive product-related margin expansion associated with our Owned Brands, pricing and promo optimization were offset by escalating supply chain costs. "

"Encouragingly, buybuy BABY delivered its sales goal for the quarter which led to \$1.4 billion in sales for the full year, growing double digit, at an estimated mid-single digit adjusted EBITDA margin. Our buybuy BABY and Harmon banners demonstrate our ability to achieve stabilization and growth when there is strength in the face of macroeconomic factors given its domestic supply chain, as well as different key product demand such as apparel and gear versus our Bed Bath banner."

"Fiscal 2021 was a year of rebuilding in the face of substantial industry and operational headwinds during the first year of our transformation. While our operational execution may have thwarted our near-term efforts, our focus also remains on

our long-term strategy and transformation. The extraordinary circumstances we face today, burdened by the lingering effects of our previous infrastructure, have continued to impact our near-term visibility and performance. As we progress through 2022, the investments we are making in our supply chain and technological foundation are designed to greatly improve our proficiencies, enabling us to overcome the types of challenges we are facing currently. The core tenets of our strategy are sound, and we will improve our operational deficits by learning from our experiences and leveraging the strength of our dedicated teams to renew our business for long-term growth.” concluded Mr. Tritton.

These categories represented approximately two-thirds of total Bed Bath & Beyond banner sales in the fiscal 2021 fourth quarter.

The buybuy BABY banner delivered positive growth with Comparable Sales increasing in the low-single digits compared to the fiscal 2020 fourth quarter, driven by double-digit growth in stores and a mid-single digit decline in digital.

GAAP Gross Margin was 28.3% for the quarter. Excluding special items, Adjusted² Gross Margin was 28.8%, reflecting a 360 basis point negative impact from transient supply chain headwinds and a 40 basis point decrease in merchandise margins compared to last year. Freight and shipping costs included unexpected, higher than anticipated inflation of 170 basis points, first-time port-related fees of 100 basis points, and warehouse-related inventory adjustments of 90 basis points as year finalized. Excluding the aforementioned supply chain cost escalations, Q4 Adjusted² Gross Margin of 32.4%

SG&A expense on both a GAAP and Adjusted² basis remain at lower levels compared to the prior year period, primarily due to cost reductions including divestitures of non-core assets and lower rent and occupancy expenses on a lower store base. SG&A Margin for the quarter increased on a GAAP and Adjusted² basis versus last year due to lower Net Sales.

Adjusted² EBITDA for the period was (\$30) million reflecting lower Net Sales and lower Adjusted² Gross Margin.

Net Loss per diluted share of (\$1.79) for the quarter reflected approximately \$0.87 of special items for the quarter. Excluding special items, Adjusted² Net Loss per diluted share was (\$0.92). Special items during the fourth quarter included restructuring and transformation initiative charges such as costs associated with the Company's transformation initiatives, including store closures related to the Company's fleet optimization. Adjusted² Net Loss per diluted share also reflects a current and deferred income tax benefit on the Company's Adjusted² Pre-Tax Loss.

During the quarter, the Company generated positive operating cash flow of approximately \$0.3 billion. Free Cash Flow⁵ was approximately \$0.2 billion as a result of \$0.1 billion of planned capital expenditures in connection with store remodels, supply chain and information technology systems.

The Company returned approximately \$230 million in capital to shareholders through share repurchases in the fiscal 2021 fourth quarter and approximately \$40 million during March 2022, bringing its share repurchase program to completion. As initially announced in November 2021, the Company announced plans to accelerate its \$1 billion three-year share repurchase program from fiscal 2022 and fiscal 2023.

Cash, cash equivalents, restricted cash and investments totaled approximately \$0.5 billion in the fiscal 2021 fourth quarter. Total Liquidity⁴ was healthy at approximately \$1.4 billion as of fiscal 2021 fourth quarter, including the Company's asset based revolving credit facility which remains untapped.

Fiscal 2022 Outlook Commentary

At this time, the Company is providing the following outlook parameters for fiscal 2022:

- Sequential Comparable³ Sales improvement to occur in the second half of fiscal 2022 versus the first half of fiscal 2022 based on anticipated improvement in supply chain conditions
- Adjusted² Gross Margin to expand modestly versus last year based on improvement in the second half of fiscal 2022
- Adjusted² SG&A expense approximately flat to last year; \$100 million optimization plan aims to offset inflation as previously announced
- Higher Adjusted² EBITDA versus last year for the second half of fiscal 2022 based on the aforementioned Comparable³ Sales and Adjusted² Gross Margin commentary

The Company will provide further commentary and context for its fiscal 2022 outlook during its conference call as well as in its investor presentation available on the investor relations section of the Company's website at <http://bedbathandbeyond.gcs-web.com/investor-relations>.